



# Kansas City Site Office Oversight Plan

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# Oversight Plan

## Congressional Drivers

- **NNSA's Report to Congress on the Organizational and Operations of NNSA in February 2002:**
  - NNSA will develop and implement a **simpler, less adversarial contract model ...**
  - **...lifting administrative burden through streamlining policies, procedures, and staffing ...**
  - **Evaluating systems, not transactions ...**
- Ambassador Brooks memo – April 12, 2006 requested KCSO to prepare **“...a plan for a dramatic shift in oversight ...”**
- Deputy Secretary initiative:
  - **Reduce the burden of certain orders**
  - **NNSA will adopt commercial standards**



# Oversight Plan

## Importance to Other Sites

- The Final Draft of the Defense Programs FY 2010-2014 Program and Resource Guidance states:
  - “Site management will address efficiencies in oversight management by requesting each M&O contractor to provide a business case and implementation strategy to shift away from specific federal oversight to more commercial models, where appropriate.”
- NA-1 4/21/08 “Coordinating Initiatives to Improve Business Practices”:
  - **... further implement our oversight model for Federal regulations and requirements, expand utilization of the Supply Chain Management Center and Strategic Sourcing ...**



# Oversight Plan

## Kansas City Plant

- Operated by Honeywell FM&T
- Approximately 3,000 FM&T employees including KCP, Kirtland Operations, Los Alamos and Ft. Chaffee, AR
- Budget \$400M per year (including WFO)
- 3.1 M ft<sup>2</sup> building built during WWII in the southeast part of Kansas City
- KCSO currently at 43 employees



# Oversight Plan

## Continuation of Past Activities

- KCP began shift to Industrial Standards in 1995
- Implemented Contractor Assurance System in 2002
- Model Contract Clause Revision in 2004
- Low Risk activities-hazards equivalent to most industrial operations
- Contractor has management and quality systems that routinely receive third party validation
- No biological, nuclear safety, or nuclear safeguards concerns



# Oversight Plan

## KCSO Oversight Concept

- Shift to “focused” oversight by applying resources to “right” activities based on:
  - Industrial standards
  - Third party oversight
  - KCSO systems oversight
- Created operating requirements database for site office and contractor
- Use of corporate systems and oversight
- Continuing expectation of high performance

*Validation = federal assurance of contractor performance*



# Oversight Plan

## New Oversight Model

### Traditional Oversight Model



### New FM&T Oversight Model



- MAS (KCP approach) vs. CAS (DOE HQ approach) - modeled after a commercial operation, more parent oversight
- Elimination of many DOE orders, including those that created management systems (ISM, CAS, etc.)
- Flexibility on some remaining requirements (e.g., ORPS, TYSP, as a “deliverable”)
- Creation of Site Specific Standards



# Oversight Plan

## Directive Comparison

- **Quality Management**

- DOE 414.1C

- **ISM/ES&H**

- DOE P 450.4
- DOE M 450.4-1 and 2 guides
- DOE Orders
- 10 CFR 851 (standards and practices)

- **Emergency Management**

- DOE Order 151.1C and 19 guides

- **Security**

- DOE 470 series Orders and Manuals

- **Quality Management**

- ISO 9001:2000

- **ISM/ES&H**

- DEAR 970.5204-2 Integration of ES&H into Work Planning and Control
- ISO 14001:2004
- VPP
- 10 CFR 851 (standards and practices)

- **Emergency Management**

- NFPA 1600

- **Security**

- NISPOM
- Site Specific requirements





# Oversight Plan

## Timeline

- Oversight Plan submitted to NNSA Administrator - June 2006
  - Concurrence by NNSA Administrator - January 2007
  - Deputy Secretary concurrence on exempting KCP from specific requirements - January 2007
- Validation activities October 2007- April 2008
  - KCSO Self Assessment
  - HSS Validation Review
  - NNSA Service Center Review
  - KCSO Lessons Learned Report



# Oversight Plan

## Site Office Implementation

- Systematic approach – ISO, Pegasus, for cause reviews
- More reliance on MAS data
- Use of Change Control Board to address new/revised DOE Orders/Directives
- Site offices empowered to reject audit findings
- Focus on the “what” not the “how”
- Follow intent of DOE O 226.1A
- Use of Comprehensive Performance Objectives in areas such as ES&H, security, and business systems



# Oversight Plan

## Hurdles

- OPI Resistance to Change
  - Some helpful, some non-responsive
  - Fear of spread to other sites (“Pilot” eliminated)
  - Fear of inconsistency (One size fits all)
  - “No deficiency” mentality
  - Directives and program direction not always based on a contract management approach
- Informal process
  - No clear exemption process
  - No clear champion for oversight
  - No measure of success for Site Office or oversight



# Oversight Plan

## Hurdles

- No clear risk acceptance process for non-nuclear activities
- Contractor
  - Fear of loss of Award Fee
  - Concerns about reversal of Oversight Plan
- KCSO Employee's Perceptions
  - SME agree with industrial standards where appropriate
  - Reluctance to substituting contractor information for field inspection, CAS not useful in oversight
  - Site Office work not valued



# Oversight Plan

## KCSO Lessons Learned

- Headquarters Senior Management commitment and support are a REQUIREMENT!
- Bureaucracy creep will always be a concern.
- Ensure that there has been an effective implementation period prior to conducting a validation.
- There is not a good definition of “adequacy” within the DOE to allow for a smooth transition away from the historical ways of doing business.
- There is continued resistance to moving away from the “one size fits all” approach.
- There was no good definition of “success”



# Oversight Plan

## Lessons Learned (continued)

- There is no good mechanism that currently exists to tailor requirements for site specific needs.
- Support of the site office staff does not come easily or quickly.
- The self assessment was a valuable tool.
- NNSA SC support has been inconsistent, but there has been improvement after validation team activity at the KCP.
- Set reasonable expectations for the Oversight Plan initially, then increase the difficulty of the expectations over time.
- There will always be issues that need further study



# Oversight Plan

## Path Forward

- Continue transformation at KCP
- Incorporate improvement opportunities as noted in the validation reviews
- Present Oversight Plan implementation to other NNSA/DOE offices
- Continue to seek new ways of doing business efficiently and effectively